

Message Text

LIMITED OFFICIAL USE

PAGE 01 OTTAWA 08927 072342Z

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08

EA-10 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 /102 W

-----003923 080309Z /72

P 072323Z OCT 77

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 4988

INFO AMEMBASSY BRUSSELS

AMEMBASSY PARIS

LIMITED OFFICIAL USE OTTAWA 08927

PASS CEA, TRES, FRD

USEEC

USOECN

E.O. 11652: N/A

TAGS: ECON, EFIN, CA

SUBJECT: FINANCE MINISTER CHRETEN SEES SLOW GROWTH
AHEAD, IS VAGUE ON POSSIBLE GOC POLICY MOVES

REF: A. OTTAWA 8850, B. OTTAWA 8917

SUMMARY. SECOND DAY OF MEETINGS BETWEEN PROVINCIAL
FINANCE MINISTERS AND FEDERAL MINISTER CHRETEN THREW
LITTLE LIGHT ON PENDING GOC POLICY DECISIONS ON PRICE-
WAGE CONTROLS OR ECONOMIC STIMULATION. CHRETEN WAS
FORTHRIGHT IN HIS COMMENTS ON CURRENT STATE OF ECONOMY
AND ON POOR EMPLOYMENT OUTLOOK BUT AVOIDED TIPPING HIS
HAND ON POLICY. PROVINCIAL MINISTERS WERE UNABLE TO
DEVELOP A COMMON VIEW. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OTTAWA 08927 072342Z

2. IN OCTOBER 4 SPEECH BEFORE PROVINCIAL FINANCE
MINISTERS, MINISTER OF FINANCE CHRETEN SAID THAT GROWTH
OF REAL GNP THIS YEAR AND NEXT WOULD BE TOO SLOW TO HAVE
MAJOR IMPACT ON UNEMPLOYMENT RATE. HE ANNOUNCED THAT GOC
BUDGETARY DEFICIT FOR CURRENT FISCAL YEAR WILL BE CANADIAN
DOLLARS 8 BILLION, AS COMPARED WITH BUDGET ESTIMATE OF
CANADIAN DOLLARS 6.4 BILLION. HE ALSO NOTED THAT GNP

WOULD RISE BY ONLY 2 PERCENT THIS YEAR AND BY 4 - 5 PERCENT IN 1978. HOWEVER, CHRETIEN EXPRESSED VIEW THAT "OVER NEXT FEW" YEARS CANADIAN ECONOMY COULD GROW AT AN AVERAGE RATE OF 5.5 PERCENT PROVIDED INFLATION RATE COULD BE BROUGHT DOWN, PRODUCTIVITY IMPROVED AND CERTAIN STRUCTURAL ADJUSTMENTS MADE. EXPANSION, HE SAID SHOULD BE LED BY EXPORTS AND PRIVATE INVESTMENT WITH SUSTAINED GROWTH OF CONSUMPTION PLAYING SUPPORTING ROLE.

3. WHILE ACKNOWLEDGING THAT SHORT TERM UNEMPLOYMENT OUTLOOK WAS DIM, CHRETIEN REJECTED SOLUTION OF "THROWING MONEY AT JOB-CREATION PROGRAMS." HE WAS VAGUE ON FUTURE OF CONTROLS AND ON STANCE OF FISCAL POLICY, NOTING ONLY THAT HE WOULD MAKE A DECISION ON DECONTROL AND ON THE BUDGET BEFORE THE END OF OCTOBER. GOC RECEIVED LITTLE GUIDANCE FROM PROVINCIAL FINANCE MINISTERS AS THEY HELD DIVERGENT VIEWS ON DECONTROL AND ON OVERALL ECONOMIC POLICY.

4. COMMENT: PRIVATELY, SENIOR MINISTRY OF FINANCE OFFICIALS ACKNOWLEDGE THAT GOC HAS VIRTUALLY COME TO DECISION ON FUTURE OF PRICE-WAGE CONTROLS, BUT THAT SOME CHANGE IN DETAILS IS STILL POSSIBLE BEFORE POLICY ANNOUNCEMENT IS MADE TO RE-CONVENED PARLIAMENT LATER THIS MONTH. IN ANY CASE, GOC FEELS IT HAS FREE HAND IN LIGHT OF EARLIER REJECTION OF ITS PROPOSALS FOR POST-CONTROLS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OTTAWA 08927 072342Z

RESTRAINT BY BOTH LABOR AND MANAGEMENT AND PRESENT LACK OF COHERENCE AMONG PROVINCIAL GOVERNMENTS. DUEMLING

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, MINISTERIAL MEETINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OTTAWA08927
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770367-0738
Format: TEL
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19771083/aaaacsje.tel
Line Count: 97
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1a655734-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 OTTAWA 8850, 77 OTTAWA 8917
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 25-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 996287
Secure: OPEN
Status: NATIVE
Subject: FINANCE MINISTER CHRETEN SEES SLOW GROWTH AHEAD, IS VAGUE ON POSSIBLE GOC POLICY MOVES
TAGS: ECON, EFIN, CA
To: STATE USEEC
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/1a655734-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009